

Tweed Financial Services Tax Reference Guide for 2018

Federal Tax Rates

SINGLE		
Income Bracket	The Tax Is:	
\$0 - \$9,525	10% of the amount over \$0	
\$9,525 - \$38,700	\$952.50 plus 12% of the amount over \$9,525	
\$38,700 - \$82,500	\$4,453.50 plus 22% of the amount over \$38,700	
\$82,500 - \$157,500	\$14,089.50 plus 24% of the amount over \$82,500	
\$157,500 - \$200,000	\$32,089.50 plus 32% of the amount over \$157,500	
\$200,000 - \$500,000	\$45,689.50 plus 35% of the amount over \$200,000	
\$500,000 - No Limit	\$150,689.50 plus 37% of the amount over \$500,000	

MARRIED, FILING JOINTLY		
Income Bracket	The Tax Is:	
\$0 - \$19,050	10% of the amount over \$0	
\$19,050 - \$77,400	\$1,905 plus 12% of the amount over \$19,050	
\$77,400 - \$165,000	\$8,907 plus 22% of the amount over \$77,400	
\$165,000 - \$315,000	\$28,179 plus 24% of the amount over \$165,000	
\$315,000 - \$400,000	\$64,179 plus 32% of the amount over \$315,000	
\$400,000 - \$600,000	\$91,379 plus 35% of the amount over \$400,000	
\$600,000 - No Limit	\$161,379 plus 37% of the amount over \$600,000	

MARRIED, FILING SEPARATELY		
Income Bracket	The Tax Is:	
\$0 - \$9,525	10% of the amount over \$0	
\$9,525 - \$38,700	\$952.50 plus 12% of the amount over \$9,525	
\$38,700 - \$82,500	\$4,453.50 plus 22% of the amount over \$38,700	
\$82,500 - \$157,500	\$14,089.50 plus 24% of the amount over \$82,500	
\$157,500 - \$200,000	\$32,089.50 plus 32% of the amount over \$157,500	
\$200,000 - \$300,000	\$45,689.50 plus 35% of the amount over \$200,000	
\$300,000 - No Limit	\$80,689.50 plus 37% of the amount over \$300,000	

HEAD OF HOUSEHOLD		
Income Bracket	The Tax Is:	
\$0 - \$13,600	10% of the amount over \$0	
\$13,600 - \$51,800	\$1,360 plus 12% of the amount over \$13,600	
\$51,800 - \$82,500	\$5,944 plus 22% of the amount over \$51,800	
\$82,500 - \$157,500	\$12,698 plus 24% of the amount over \$82,500	
\$157,500 - \$200,000	\$30,698 plus 32% of the amount over \$157,500	
\$200,000 - \$500,000	\$44,298 plus 35% of the amount over \$200,000	
\$500,000 - No Limit	\$149,298 plus 37% of the amount over \$500,000	

ESTATES & TRUSTS		
Income Bracket	The Tax Is:	
\$0 - \$2,550	10% of the taxable income	
\$2,550 - \$9,150	\$255 plus 24% of the excess over \$2,550	
\$9,150 - \$12,500	\$1,839 plus 35% of the excess over \$9,150	
\$12,500 - and over	\$3,011.5 plus 37% of the excess over \$12,500	

Estate Tax Applicable Exclusion	
2018	\$10,000,000

FEDERAL GIFT & ESTATE TAX	
Gift Tax Annual Exclusion Amount	\$15,000
Highest Estate & Gift Tax Rate	40%
Estate Tax Exclusion Amount	\$10,000,000
Lifetime Gift Exemption	\$5,600,000
Generation Skipping Transfer Tax Exclusion	\$11,200,000

FEDERAL PERSONAL EXEMPTION		
	Federal	State Credit
Individual	\$0	

FEDERAL CAPITAL GAINS TAX	
Taxpayer in:	
0-12% Bracket	0%
22% - 35% Bracket	15%
37% Bracket	20%
Nonrecaptured Depreciation Rate	25%

California Tax Rates

SINGLE		
Income Bracket	The Tax Is:	
\$0 - \$8,015	1% of the amount over \$0	
\$8,015 - \$19,001	\$80.15 plus 2% of the amount over \$8,015	
\$19,001 - \$29,989	\$299.87 plus 4% of the amount over \$19,001	
\$29,989 - \$41,629	\$739.39 plus 6% of the amount over \$29,989	
\$41,629 - \$52,612	\$1,437.79 plus 8% of the amount over \$41,629	
\$52,612 - \$268,750	\$2,316.43 plus 9.3% of the amount over \$52,612	
\$268,750 - \$322,499	\$22,417.26 plus 10.3% of the amount over \$268,750	
\$322,499 - \$537,498	\$27,953.41 plus 11.3% of the amount over \$322,499	
\$537,498 - \$1,000,000	\$52,248.30 plus 12.3% of the amount over \$537,498	
\$1,000,000 - and over	\$109,136.04 plus 13.3% of the amount over \$1,000,000	

MARRIED, FILING JOINTLY		
Income Bracket	The Tax Is:	
\$0 - \$16,030	1% of the amount over \$0	
\$16,030 - \$38,002	\$160.30 plus 2% of the amount over \$16,030	
\$38,002 - \$59,978	\$599.74 plus 4% of the amount over \$38,002	
\$59,978 - \$83,258	\$1,478.78 plus 6% of the amount over \$59,978	
\$83,258 - \$105,224	\$2,875.58 plus 8% of the amount over \$83,258	
\$105,224 - \$537,500	\$4,632.86 plus 9.3% of the amount over \$105,224	
\$537,500 - \$644,998	\$44,834.53 plus 10.3% of the amount over \$537,500	
\$644,998 - \$1,000,000	\$55,906.82 plus 11.3% of the amount over \$644,998	
\$1,000,000 - \$1,074,996	\$96,022.05 plus 12.3% of the amount over \$1,000,000	
\$1,074,996 - and over	\$105,246.56 plus 13.3% of the amount over \$1,074,996	

HEAD OF HOUSEHOLD		
Income Bracket	The Tax is:	
\$0 - \$16,040	1% of the amount over \$0	
\$16,040 - \$38,002	\$160.30 plus 2% of the amount over \$16,040	
\$38,002 - \$48,990	\$599.74 plus 4% of the amount over \$38,002	
\$48,990 - \$71,615	\$1,478.78 plus 6% of the amount over \$48,990	
\$71,615 - \$365,499	\$2,875.58 plus 8% of the amount over \$71,615	
\$365,499 - \$438,599	\$4,632.86 plus 9.3% of the amount over \$365,499	
\$438,599 - \$730,997	\$44,834.53 plus 10.3% of the amount over \$438,599	
\$730,997 - \$1,000,000	\$55,906.82 plus 11.3% of the amount over \$730,997	
\$1,000,000 - and over	\$96,022.05 plus 12.3% of the amount over \$1,000,000	

STANDARD DEDUCTIONS		
	Federal	State
Single	\$12,000	\$4,044
Married Filing Jointly	\$24,000	\$8,088
Married Filing Separately	\$12,000	\$4,044
Head of Household	\$18,000	\$8,088
Surviving Spouse	\$24,000	\$8,088

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Social Security

Base Amount of Modified AGI* Causing Taxable Benefits:		
	50% Taxable	85% Taxable
Married Filing Jointly	\$32,000	\$44,000
Single	\$25,000	\$34,000
*AGI (Adjusted Gross Income)		
Maximum Earnings Before Social Security Benefits Are Reduced:		
Under full retirement age		
Lose \$1 for every \$2 earned over		\$17,040
Lose \$1 for every \$3 earned over		\$45,360
Applies to earnings prior to full retirement age		
Maximum Compensation Subject to FICA Taxes:		
OASDI (Social Security) maximum		\$128,700
HI (Medicare) maximum		No Limit
OASDI Tax Rate	Employee 6.20%	Self-Employed 12.4%

Traditional & Roth IRAs – Contribution Limits

	2018
Under Age 50	\$5,500
Age 50 & Older	\$6,500
Roth Contribution Phase-Out AGI Range	
Single/Head of Household	\$120,000 - \$135,000
Married Filing Jointly	\$189,000 - \$199,000
Married Filing Separately	\$0 - \$10,000
Roth Conversion Income Limits	No Limit

Health Savings Account (HSA)

	Single	Family
Minimum Deductible	\$1,350	\$2,700
Maximum Out-of-Pocket	\$6,650	\$13,300
Contribution Limit	\$3,450	\$6,900
55+ Contribution	\$1,000	\$1,000

Important Information:

As with any real estate investment there are various risks, including but not limited to: illiquidity, limited transferability, and variation in occupancy which may negatively impact cash flow, and even cause a loss of principal. Real Estate values may fluctuate based on economic and environmental factors and are generally illiquid. This does not constitute as an offer to buy or sell any real estate, securities, or insurance. Such offers are only made by prospectus or engagement activity. A prospectus should be read thoroughly and understood before investing.

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Sources: www.irs.gov & www.ftb.ca.gov



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Traditional IRA Deductibility Rules

SINGLE		
Covered by Employer's Retirement Plan?	AGI	
No	Any Amount	Full Deduction
Yes	\$63,000 or less	Full Deduction
Yes	\$63,001-\$73,000	Partial Deduction
Yes	\$73,000 or more	None
MARRIED, FILING JOINTLY		
Covered by Employer's Retirement Plan?	AGI	
Neither Spouse Covered	Any Amount	Full Deduction
Both Spouses Covered	\$101,000 or less	Full Deduction
Both Spouses Covered	\$101,000-\$121,000	Partial Deduction
Both Spouses Covered	\$121,000 or more	None
One Spouse Covered	\$189,000 or less	Full Deduction
One Spouse Covered	\$189,000-\$199,000	Partial Deduction
One Spouse Covered	\$199,000 or more	None
OTHER RETIREMENT PLANS		
401(k), 403(b), 457 under age 50		\$18,500
401(k), 403(b), 457 age 50 or over		\$24,500
Limits on annual additions		\$55,000
Annual Benefit Limit		\$220,000
Highly Compensated Employee		\$120,000
SEP IRA CONTRIBUTION LIMIT		
SEP contribution (limited by net self-employment income)		\$55,000
Minimum compensation for SEP participants		\$600
SIMPLE IRA		
SIMPLE elective deferral under age 50		\$12,500
SIMPLE elective deferral age 50+		\$15,500

Terms & Definitions

Basis of Property: The basis of property is the price paid. The basis of real property also includes certain fees & charges you pay in addition to the purchase price. These generally are shown on the settlement statement and include the following:

- Legal & Recording Fees
- Abstract of Title Fees
- Survey Charges
- Title Insurance
- Amounts the seller owes on the property that the buyer agrees to pay, such as back taxes or interest, recording or mortgage fees, charges for improvements or repairs, and sales commissions.
- Fees related to obtaining a mortgage are not added to the bases of the property

Depreciation Periods for Real Property: Residential Rental Property: 27.5 years. Non-residential real property (not including farm buildings): 39 years

Capitalization Rate or Cap Rate: This is the ratio between the net operating income produced by an asset and its capital cost (the original price paid to buy the asset) or alternatively its current market value. The rate is calculated in a simple fashion as follows: $\$100,000 (\text{net operating income}) / \$1,000,000 (\text{cost of property}) = 0.10 = 10\%$

Cash-on-Cash Return: This measures the return on cash invested: A cash flow of \$15,000.00 per year from an investment of \$100,000.00 would give a 15% cash-on-cash return: $\$15,000.00 / \$100,000.00 \times 100 = 15\%$

Equity: Equity is the amount of ownership one has in a property or investment: If one bought a property for \$200,000.00 and put down \$100,000.00 of his/her own cash and borrowed the balance of \$100,000.00, the equity (ownership) in the property would be \$100,000.00.

Adjusted Gross Income: This is the total of one's income from wages, net business income, interest, net capital gains/losses, reduced by certain "adjustments". These are deductions that do not have to be itemized. Some included are educational expenses, alimony paid, moving expenses, IRA contributions and self-employed health insurance and retirement plan contributions.